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UNCLAS TEGUCIGALPA 000536

SIPDIS

DEPT. FOR WHA/PD; IIP/G/WHA DIPASQUALE; AND IIP/T/ES  
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DEPT. PASS USTR

E.O. 12958: N/A

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SUBJECT: MEDIA REACTION ON CAFTA, MARCH 9, 2005

1. Editorial in Tegucigalpa-based moderate daily "El Herald" on 3/7, titled "Getting Ready To Compete." "CAFTA, which was approved by Congress last Thursday, may not be the panacea that will solve all Honduras' economic problems, as it has been presented by its boldest promoters, but it cannot be the reason for all our future crises either, as it's been said by its most ferocious enemies. It's just a trade agreement where some will gain and others will lose, depending on what they produce and the level of competitiveness they can achieve."

"It's expected that CAFTA will be implemented during the second half of the year, once it's approved by the congresses of all signing countries, particularly by the U.S. Congress, where it's unlikely to face significant problems since the Republican Party and the Bush administration have a majority in the Senate and the House of Representatives."

"During the interim, the countries that have already ratified it, namely El Salvador and Honduras, need to focus all their energy and capabilities on improving the competitiveness of the productive sectors more likely to take advantage of having access to the largest and strongest global market, such as the micro, small and medium enterprises, as well as the agricultural sector."

"Those who are afraid that CAFTA will harm the weakest producers should direct their attention on organizing them or helping them find adequate sources of financial and technical assistance, instead of focusing their efforts to arrange futile demonstrations. At this moment in time, we should be convinced that the only way to escape poverty is by increasing our production, but to do so we need to have access to a stable market where we can sell our products, and that is precisely what CAFTA will do."

Palmer